JOURNAL

OFFICE OF LEGISLATIVE COUNSEL

Wednesday - 30 August 1972

1. (Confidential - JGO) in respo	nse to her call I gave Helen Mattas,
House Foreign Affairs Committee staff,	the information needed for the
Committee monthly summary of hearing	s concerning time of starting and
finishing, persons present, etc., relating	og to the Directorle building and
27 July 1972 This transcript is in single	ig to the Director's prieting of
27 July 1972. This transcript is in singl for safekeeping.	e copy and is held by the Agency
ior safekeeping.	
Committee staff, visited Headquarters a	
and O'Neill. OSS files of activities	immediately following
World War II were made available for hi	s survey. Mr. Blum found the files
more voluminous than anticipated but in	his terms meaningful as original
source documentation. Arrangements we	ere made to allow more detailed
review as time from other Committee as	signments will allow. He anticipated
it may well be a week or more before he	can begin any comprehensive review
of the files.	- comprehensive review
	Acting Legislative Counsel
cc:	25X1A
O/DDCI	ZUNIA
- 	
Mrs. II	
Mr. Houston	
Mr. Thuermer	
DDI DDS DDS&T	

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Item 2 -

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Journal - Office of Legislative Counsel Tuesday - 29 August 1972

25X1A

25X1A 25X1A Page 2

- 5. (Internal Use Only JGO) Met with Miss Louise O'Brien, House Foreign Affairs Committee staff, who told me that the onward itinerary for Jack Brady and Robert Boyer, of the Committee staff, is somewhat uncertain. They plan to leave Indochina about Friday, 1 September, for Hong Kong and then return to the States. These travel plans, however, are subject to confirmation later in the week.
- 6. (Internal Use Only JGO) I received a call this afternoon from Mr. Roland Paul, former Counsel of Senate Foreign Relations Subcommittee on U.S. Security Agreements and Commitments Abroad, concerning TV coverage last evening in the New York City area, Channel 5, WNEW, of the charges against the Agency set forth in the McCoy book "The Politics of Heroin in Southeast Asia," and treatment given the same charges over the last week or two in the New York Times. See Memorandum for the Record. Mr. John Unumb has been advised.
- 7. (Confidential GLC) During a conversation today Ed Braswell, Chief Counsel, Senate Armed Services Committee, mentioned that Chairman Stennis is in town this week. Braswell said he talked with the Chairman today and nothing of CIA interest came up. He did say, however, that as he had mentioned to Mr. Maury before the recess, the Chairman might like to have a briefing from the Agency similar to the one which Mr. Duckett gave to the Senate Foreign Relations Committee. Braswell said he would get in touch with us if this was the case.
- 8. (Unclassified GLC) Talked with Jim Woolsey, Senate Armed Services Committee staff, who asked if we could provide him with a number of maps and related material on Vietnam. I am checking this with OCI Graphics.
- 9. (Internal Use Only RJK) Delivered to the offices of Senators Edward Kennedy (D., Mass.), George McGovern (D., S.Dak.), Hubert Humphrey (D., Minn.), Mike Mansfield (D., Mont.), and John Sherman Cooper (R., Ky.) FBIS items in which their names were mentioned.

• •	
	Acting Legislative Counsel
cc: Mr. Thuermer	
O/DDCI Mr. Houston	

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JOURNAL

OFFICE OF LEGISLATIVE COUNSEL

Friday - 11 August 1972

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2. (Confidential - JGO) Messrs.	NARCOG,	25X1A

2. (Confidential - JGO) Messr

with the Agency.

met with Messrs. John Brady and Robert Boyer, House Foreign Affairs
Committee staff. Messrs. Brady and Boyer will be leaving Tuesday on a
survey trip for Chairman Morgan through the Far East with stops in Tokyo,
Saigon, Vientiane, Singapore, Hong Kong, and Manila. The meeting was
an informal question and answer session and was concerned primarily with
the current Government structure for handling narcotic problems and dope
traffic in Southeast Asia. In response to their earlier request, they were
given copies of Agency correspondence with Harper's magazine and Harper
and Row publishers concerning the book "The Politics of Heroin in Southeast
Asia" by Alfred W. McCoy and with the Cabinet Committee on International
Narcotics Control. These documents are for use in briefing the Chairman

25X1A
and will not be utilized in any fashion otherwise without prior consultation

There

are no follow-up items to the meeting.

3. (Internal Use Only - JGO) Talked to Mr. David Martin, Senate Internal Security Subcommittee staff, and after consultation with Mr. Colby, changed the time of the meeting between Mr. Colby and General Walt to 7 p.m. Sunday evening.

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Approved For Release 2007/02/07 : CIA ROTABODAT SROOM 0100015-0

1 2 JUL 1972

Mr. John Cowles, Jr. Chairman Harper's Magazine Company 2 Park Avenue New York. New York 10016

Dear Mr. Cowless

Harper's July issue contains an article by Mr. Alfred W. McCoy alleging CIA involvement in the opium traffic in Laos. This allegation is false and unfounded, and it is particularly disappointing that a journal of Harper's reputation would see fit to publish it without any effort to check its accuracy or even to refer to the public record to the contrary.

Normally we do not respond publicly to allegations made against CIA. Because of the serious nature of these charges, however, I am writing to you to place these accusations in proper perspective and so that the record will be clear.

The general charge made by Mr. McCoy that 'to a certain extent it /the opium trade in Lags/ depends on the support (money, guns, aircraft, etc.) of the CIA" has no basis in fact. To the contrary, Mr. John E. Ingersoll, Director of the Bureau of Narcotics and Dangerous Drugs, in a lotter to Representative Charles S. Gubser of California on May 27, 1971 (reproduced in the Congressional Record of June 2, 1971), stated:

"Actually, CIA has for sometime been this Bureau's strongest partner in identifying foreign sources and routes of illegal trade in narcotics. Their help has included both direct support in intelligence collection, as well as in intelligence analysis and production. Liaison between our two agencies is close and constant in matters of mutual interest. Much of the progress we

are now making in identifying overseas narcotics traffic can, in fact, be attributed to CIA cooperation."

Mr. McCoy makes the following charges which I shall deal with specifically:

(a) General Vang Pao, "commander of the CIA secret army in northeastern Laos...has become an increasingly notorious entrepreneur in the Laotian drug trade."

We have no evidence indicating that General Vang Pao is involved in the Lactian drug trade. Because his forces are the principal Lactian deterrent to North Vietnamese aggression, many U.S. Government personnel have been in constant contact with General Vang Pao for a number of years. No evidence has come to light connecting him with narcotics trafficking.

On the contrary, General Vang Pao has strongly supported the antinarcetics legislation passed by the Lao National Assembly in 1971 and, as a leader of the Meo, has done his best to influence the tribal groups to abandon their traditional growth of the opium poppy and develop substitute crops and new forms of livestock to provide daily sustenance and income.

Further, most of northeastern Lacs is not under General Vang Pac's control but actually in the hands of the North Vietnamese. General Vang Pac obviously has no control over the crop cultivation there, and cultivation of any crop in that area is extremely difficult because of the ongoing hostilities.

(b) The CIA assurance of food supplies to the Laotian Meo tribeamen allowed the Meo to "allot more land to the growing of opium."

This allegation would not be made by anyone familiar with the war-raveged economy of the Mee tribe. The U. S.

Government provides food to Meo refugees -- Meos who have been driven off their land by the North Vietnamese and therefore have no land to cultivate -- and to villages where the bulk of the male population is off serving in General Vang Pao's forces.

Prior to the North Victnamese offensive, supplies were delivered to the Mee tribermen. These supplies, however, consisted of rice seedlings and other types of seeds plus livestock to provide the Mee with basic sustenance and also to encourage the Mee to give up the planting of opium popples. These efforts met with considerable success. Mr. Reland Paul, investigator for the Senate Foreign Relations Committee, reported in the April 1971 issue of Foreign Affairs "that due to the long association with the CIA, the Mee tribesmen in Laos were shifting from opium to rice and other crops."

The fact is that the opium production in northeastern Laos has been greatly diminished rather than increased as alloged in the McCoy article.

(c) When Air America became the only air transport available. "It began flying Meo opium to markets in Long Cheng and Vientiane."

Air America has long had an effective inspection system, and more recently an even more rigid system to har even inadvertent transport of narcotics has been introduced. Air America released a statement to the press on June 2, 1972, which said:

"There is an intensive program of inspection of both passengers and cargo carried out in close collaboration with local and U. S. authorities. At up-country sites, inspectors inspect all baggage of passengers and crew members departing from their stations. All cargo placed aboard upcountry sites is inspected by members of the inspection service. All baggage of persons departing Viontiano on Air

America, Continental Air Services and Lao Air Development are inspected. Where boarding passengers refuse to submit to inspection or are found to have contraband in their possession, they are denied the right to board the aircraft and their names are turned over to local Lao authorities. Through these and related measures attempts by individuals to carry opium on company airplanes have been detected and prevented. These small time smugglers and users are the greatest threat and the security inspection sorvice has constituted an effective deterrent."

Please note that these tightened security and inspection measures predate Mr. McCoy's charges against Air America.

(d) After the North Vietnamese offensive in northeastern Laos, "Vang Pac was able to continue his role in Laos's narcotics trade by opening a heroin laboratory at Long Cheng, the CIA headquarters town."

There is not only no evidence connecting General Vang Pao with a heroin laboratory in Long Cheng, but also none to suggest the presence of such a laboratory in Long Cheng. There are a number of U. S. Government officials in Laos working against the drug traffic. They would have spotted such a laboratory in Long Cheng and seen to its dismantling had one existed.

(e) "CIA contract airlines have reportedly carried opium, and individual CIA men have abetted the opium traffic."

This charge is also false. CIA is not involved in the narcotics traffic and is actively working against it; its personnel are also flatly prohibited from any such activity as individuals, and are subject to termination if so involved. Mr. McCoy has produced no evidence which implicates Agency personnel in the narcotics traffic. Such unsupported charges against this Agency and its people of abetting the flow of narcotics are not only irresponsible but particularly ironic in view of the many efforts this Agency's personnel are making to stem the flow of narcotics into the United States.

More than one year ago, in an address before the American Society of Newspaper Editors, Mr. Richard Helms, Director of Central Intelligence, stated the following:

"There is the arrant nonsense, for example, that the Central Intelligence Agency is comehow involved in the world drug traffic. We are not. As fathers, we are as concerned about the lives of our children and grandchildren as are all of you. As an Agency, in fact, we are heavily engaged in tracing the foreign roots of the drug traffic for the Bureau of Narcotics and Dangerous Drugs. We hope we are helping with a solution; we know we are not contributing to the problem."

This statement remains valid today.

I trust you will give this response the same prominence in your publication as was given to the McCoy article.

Sincerely,

/s/

W. E. Colby Executive Director

New York Evanston London San Francisc

B. Brooks Thomas Vice President & General Counsel

10 East 53d Street, New York, New York 10022

August 4, 1972

Lawrence R. Houston, Esq. General Counsel
Central Intelligence Agency
Washington, D. C. 20505

Dear Mr. Houston:

Thank you for your letter of July 28, 1972 together with its enclosures.

Together with the author, we have now completed a thorough review of the comments made in your letter and in the enclosures, checking them against Mr. McCoy's manuscript and notes. Based upon this careful review, it is our sincere opinion that Mr. McCoy's scholarship remains unshaken and we do not see any reason for making any changes in the text. I am appending hereto a list of the points made in your memorandum to us, together with an explanation of our reasons for believing in each case that no change is either necessary or appropriate.

As you correctly point out in your letter, Mr. McCoy's theme is that the CIA's role in the heroin traffic has been principally inadvertent and a consequence of other tactics which it has pursued. I believe that this theme is amply documented throughout the book and that it constitutes an eminently reasonable assessment of the effect of the Agency's activities in this area. We regret, as you do, the fact that some writers have mis-characterized the allegations which Mr. McCoy makes in the book. With this fact in mind, we believe that the best service we can render the author, the CIA and the general public is to publish the book as expeditiously as possible, and that is what we intend to do.

I would like to take this opportunity to thank you for your courtesy to us and for honoring the conditions which we imposed when we sent you the manuscript.

Sincerely.

BBT:jc

APPENDIX TO LETTER OF AUGUST 4, 1972 TO LAWRENCE R. HOUSTON, ESQ.

Your Comment

Our Response

AIR AMERICA

1. Statement of Paul Velte June 2, 1972 labelling McCoy allegations relating to Air America "utterly and absolutely false."

2. You state that Gen. Ouane Rattikone has recently denied that Air America was in any way involved in transporting opium.

- 1. Mr. Velte's statement refers to Mr. McCoy's testimony before the Senate Foreign Operations Committee. The statement referred to does not appear in the book. Mr. McCoy believes that Mr. Velte's statement may well be accurate as of the date it was made. He does not believe that it accurately reflects conditions in the period 1965-1967 to which the passage which does appear on page 278 of the book refers.
- Mr. McCoy interviewed Gen. Rattikone in Vientiane on September 1, 1971. We have seen his notes, and are satisfied that he accurately transcribed what was related to him on that occasion. Support for this allegation is also derived from Mr. McCoy's interview with Gen. Thao Ma in Bangkok on September 17, 1971. We note also that Mr. McCoy's allegation has recently been confirmed by Nelson Gross (whose earlier testimony is relied upon in your letter of July 5, 1972) in an interview with a staff correspondent of the Christian Science Monitor reported on July 27, 1972. In that interview Mr. Gross stated, inter alia, as follows:

"Sure, Air America was probably used as a vehicle for some transit, just as all commercial and military aircraft probably were, until the fall of 1970 when we really became aware of the narcotics problem in the area."

Your Comment

VANG PAO

1. You state that the BNDD has no credible evidence implicating Vang Pao in the narcotics traffic, contrary to the statements made on pp. 244 and 248-9 of the text.

- 2. You state that Ger Su Yang's testimony on page 289 is not credible because the Long Pot Sector has traditionally refused to accept Vang Pao's leadership and has maintained friendly relationships with the Pathet Lao.
- 3. You state that Gen. Ouane Rattikone has recently been questioned and is adamant in asserting that Vang Pao has not been involved in the drug traffic.

PARAMILITARY ACTIVITIES AND HEROIN REFINERIES

1. You state that the CIA has identified and dismantled a heroin refinery operated by Chao La and that this contradicts Mr. McCoy's assertion that Chao La received political protection for his refineries.

- 1. The source of Mr. McCoy's statements is an interview he had in New Haven, Connecticut on November 18, 1971 with a present employee of the BNDD, who stated that BNDD had received a report implicating Vang Pao. Because of the circumstances under which the interview was given, Mr. McCoy refuses to disclose the name of the employee involved, but we have satisfied ourselves that such an interview took place and that the statements referred to were in fact made.
- 2. The description of the system by which Meo mercenaries purchase opium from villagers in the Long Pot area is based not only on the interviews with Ger Su Yang described on page 289, but also on interview with the Headmen of Nam Suk Village and Nam Ou Village, both of which were conduct on August 21, 1971. We believe that their credibility is a highly subjective matter which is best evaluated by the interviewer in a face-to-face meeting.
- 3. Mr. McCoy does not rely primarily on Gen. Rattikone in connection with the assertions made about Vang Pao's involvement wit the drug traffic. In any event, it would not be at all surprising if Gen. Rattikone's assertions to a representative of your Agencare markedly different from the information he gave to Mr. McCoy.
- 1. While in this area, the author was told by retired CIA personnel, local CIA mercen aries, Baptist missionaries, and hill tribesn that a heroin refinery operated near Ban Nat Keung from 1965-1971. The author believes that this is the refinery which was confiscat by the CIA last year and which is referred to at p. 346 of the text. The same sources

Appendix Page 3

Your Comment

Our Response

Paramilitary Activites, etc. con't.

informed the author that another refinery operated near Ban Houei Tap in 1970-1971. Both refineries were located in areas where there was American influence.

GER SU YANG

1. You state that an officer of the Agency interviewed Ger Su Yang, who admitted talking to Mr. McCoy but denied having discussed the sale of opium with him. You go on to state that you do not have confidence in what Ger Su Yang told your officer and state that Mr. McCoy should not have accepted his word either without any attempt at verification.

The author does not base his account (on page 289) of American helicopters flying opium from Long Pot to Long Tieng solely on his interview with Ger Su Yang. author spoke to many villagers in Long Pot and in neighboring villages who confirmed Ger Su Yang's story. In addition, the author obtained similar information from Ron Rickenback, a former USAID official in Laos, General Ouane Rattikone, and General Thao Ma, a former commander of the Royal Laotian Air Force. More recently, the author has been advised by some British television journalists who have recently returned from the area that these activities are accurately described by him. A former State Department official has also confirmed to the author that his account is correct.

KMT IRREGULARS

- 1. You state that the author's charge that the "CIA's relationship with the KMT was a key factor in the latter's involvement in the opium trade" is without foundation.
- 2. You state that since August, 1951 the CIA has had no "substantial" contact with KMT Irregulars.
- 1. We cannot find in the book any statement that the CIA's relationship with the KMT was a "key factor" in the latter's involvement in the opium trade. The author does state (p. 306) that there was a "peculiar symbiosis between opium and espionage" in the activities of the KMT, an inference which we believe is amply supported by the evidence cited.
- 2. At pp. 305-8 the author describes a number of contacts the CIA had with KMT Irregulars in 1962 and later. The principal sources for these passages are William Young, a former CIA employee, U Ba Thein, a Shan rebel leader, and various Yao tribesmen interviewed by the author (cf. ftn. p. 208).

Appendix Page 4

Your Comment

KMT Irregulars cont.

3. You state that opium production in the areas where the KMT Irregulars located after the fall of China was not, as suggested by the author, started by them but had existed for a long time prior thereto.

THE MAFIA

1. You state that Mr. McCoy states that "there has been an association of the U.S. Government, Sicilian and Corsican Mafia types in the past" and that this has "somehow been responsible" for the fact that these types play the role they do in narcotics traffic today.

SUPPORT FOR U.S. NARCOTICS CONTROL EFFORTS OVERSEAS

1. You cite Mr. McCoy's statement on page 350 that the BNDD's attempts to conduct investigations in Laos were blocked by the Laotian Government, the State Department, and the CIA and quote a statement from the BNDD to the effect that they are "unaware" of any such opposition by the CIA.

Our Response

Under the circumstances, we do not find such testimony to be incredible or the contacts described insubstantial.

- 3. We cannot find in the text any assertion to the effect that the KMT Irregulars started opium production in the areas in which they settled after the fall of China. The author does say (pp. 126-7) that the KMT greatly expanded the opium trade in the Shan states, a statement with which you do not appear to disagree.
- 1. Mr. McCoy does assert that during the War and shortly thereafter the Government associated with the Sicilian and Corsican underworld for reasons having nothing to do with the illegal narcotics traffic. Mr. McCoy clearly regards it as ironic that one result of such associations was a rebirth of these groups and their subsequent involvement in the narcotics trade, but we do not believe it is a fair inference from the book to state that the U.S. Government has "somehow been responsible" for this result simply because it has been such in the narrow causal sense of the words, as to which there can be little dispute.

1. Mr. McCoy's source for the statement on page 350 is a BNDD agent familiar with the investigations referred to. We have questioned Mr. McCoy about this source and are satisfied that he exists and that he made the statement in question, although Mr. McCoy has requested that he not be identified for his own protection. The statement attributed to this source is not, of course, necessarily inconsistent with the statement that the BNDD in Washington is "unaware" of any opposition by the CIA.

Appendix Page 5

Your Comment

Our Response

Support for U.S. Narcotics Control Efforts Overseas (continued)

- 2. You quote the author's statement on page 218 that the CIA avoids gathering information on high-level involvements, even in sessions with high Embassy officials, and discusses only minor pushers and addicts. You state that the assertion is untrue, and criticize Mr. McCoy for having made it on the word of an unnamed Embassy official who may not have had access to the facts.
- 2. The source of the statement on page 218 is a Foreign Service Officer in the U.S. Embassy in Saigon who was interviewed in the presence of a BNDD employee and another Embassy official. Mr. McCoy has disclosed their identities to us but asked that we keep such information confidential in order to protect the individuals involved. We are satisfied that the assertion is amply corroborated in view of the circumstances of the interview.

Approved For Release 2007/02/07 :- CIA-RDP74B00415R000100100015-0 Washington, D.C. 20505

28 July 1972

Mr. B. Brooks Thomas
Vice President and General Counsel
Harper & Row, Publisher, Inc.
10 East 53rd Street
New York, New York 10022

Dear Mr. Thomas:

Pursuant to our agreement, we have reviewed Alfred W. McCoy's book, The Politics of Heroin in Southeast Asia. A complete and detailed review and analysis would take weeks, but I believe we have been able to identify enough important aspects to bear out our original concern as to the statements it might make about CIA.

The theme of Mr. McCoy's book is contained on page 8:
"Unlike some national intelligence agencies, the CIA did not
dabble in the drug traffic to finance its clandestine operations.
Nor was its culpability the work of a few corrupt agents, eager
to share in the enormous profits. The CIA's role in the heroin
traffic was simply an inadvertent but inevitable consequence of
its cold war tactics." His theme is further spelled out on
page 14, where he says: "American diplomats and secret
agents have been involved in the narcotics traffic at three levels:
(1) coincidental complicity by allying with groups actively engaged
in the drug traffic; (2) abetting the traffic by covering up for
known heroin traffickers and condoning their involvement;
(3) and active engagement in the transport of opium and heroin.
It is ironic, to say the least, that America's heroin plague is
of its own making."

CIA's position can be simply stated as follows:

- a. The opium trade has existed in Southeast Asia for generations. This trade depended upon the market, and until recently the market for Southeast Asian opium was in Southeast Asia. The increase in the opium trade and the appearance of heroin were a result of the increased market, in part due to the presence of large American military forces in Vietnam.
- b. CIA at no time allied with, abetted or engaged in the drug trade in Southeast Asia. From its earliest days in Southeast Asia, CIA took steps to ensure that it would not be involved in the drug trade.
- c. When this drug trade became a matter of concern to Americans, as distinct from a local Southeast Asian problem, CIA engaged in a variety of programs to attack it. These efforts are by no means totally successful, but they have had substantial impact.

Mr. McCoy supports his theme by citing a large number of allegations, assertions, and interpretations. From an examination of these, it is plain that Mr. McCoy has limited his citations to those supporting his thesis, and he appears to have ignored available information which might contradict it. In the unsettled, and in many areas primitive, circumstances of Southeast Asia, rumors and unsupported assertions are common, and the first requirement of serious intelligence operations, scholarly research or responsible journalism is to check such assertions against other evidence and obtain as objective a total picture as possible. Mr. McCoy's book is replete with statements such as "according to several sources" (page 263), "village leaders . . . claim" (page 263), "According to reports later received by the U. S. Bureau of Narcotics" (page 244), "Chinese merchants in Vientiane reported that" (page 281), and others. In the enclosed annex, we have commented on our investigation of the facts behind certain of these statements. We have by no means made an exhaustive review of every such statement in the book but send these to you

in order to demonstrate our belief that your confidence that Mr. McCoy's scholarship "is beyond reproach" is not well founded.

Our difference with Mr. McCoy is no mere debate over the excellence of his scholarship. Mr. McCoy's charges against CIA, both directly and by innuendo, have been repeated by editorial writers throughout the nation and could create an accepted myth that CIA has been involved in the drug traffic. The truth is that CIA has never been involved in the drug traffic and is actively engaged in fighting against it. We believe that the effect of Mr. McCoy's book is to do a disservice to this fight and to dishearten the many sincere people in CIA who are at least as concerned about this menace as Mr. McCoy. On 14 April 1971, Mr. Helms, Director of Central Intelligence, said to the American Society of Newspaper Editors:

There is the arrant nonsense, for example, that the Central Intelligence Agency is somehow involved in the world drug traffic. We are not. As fathers, we are as concerned about the lives of our children and grandchildren as are all of you. As an Agency, in fact, we are heavily engaged in tracing the foreign roots of the drug traffic for the Bureau of Narcotics and Dangerous Drugs. We hope we are helping with a solution; we know we are not contributing to the problem.

This statement remains valid today.

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Enclosure

ANNEX

Air America

There are repeated allegations by Mr. McCoy of Air America involvement in the transportation of opium.

We believe the statement Mr. Paul Velte, Managing Director of Air America, made on 2 June 1972 in response to these allegations labelling them as "utterly and absolutely false" clearly expresses the company and CIA views on this matter. This statement is attached.

Recently a CIA officer queried General Ouane Rathikoun who is cited as a source on Page 278 by Mr. McCoy concerning Air America involvement in transporting opium. General Ouane categorically denied that Air America was in any way involved in such traffic. General Ouane said the charge was ridiculous and that there was no need for drug traffickers to draw upon Air America facilities because they had their own.

Strict controls have been in effect throughout Air America's presence in Southeast Asia and these are being improved as we learn more of the traffickers' patterns and modus operandi.

Statement of Paul Velte, Managing Director of Air America

"Mr. Alfred W. McCoy today told the Senate Foreign Operations Committee: 'In Northern Laos, Air America aircraft and helicopters chartered by the U.S. CIA and USAID have been transporting opium harvested by the agency's tribal mercenaries on a regular basis.'

"This statement is utterly and absolutely false. AA and USAID have cooperated in a security program which effectively prevents the carriage of drugs on any of the airline's equipment. This program is constantly being reviewed to make sure that drug smugglers cannot misuse the company's facilities. There is an intensive program of inspection of both passengers and cargo carried out in close collaboration with local and U.S. authorities. At up-country sites, inspectors inspect all baggage of passengers and crew members departing from their stations. All cargo placed aboard up-country sites is inspected by members of the inspection service. All baggage of persons departing Vientiane on AA, CASI and Lao air development are inspected. Where boarding passengers refuse to submit to inspection or are found to have contraband in their possession, they are denied the right to board the aircraft and their names are turned over to local Lao authorities. Through these and related measures, attempts by individuals to carry opium on company airplanes have been detected and prevented. These small time smugglers and users are the greatest threat and the security inspection service has constituted an effective deterrent.

"Through its many years in the Far East, AA and its employees have been well aware of the dangers of drug use and the drug traffic. It has been the policy of the company and its many loyal employees to do everything in their power to oppose any traffic in drugs. To this end there has been close cooperation between the company and U.S. and local authorities concerned with the drug problem.

"If Mr. McCoy or any other individual can bring any proof that any Air America employee has been connected in any manner with the drug traffic appropriate disciplinary action will be taken and the matter referred to the proper authorities."

Vang Pao

In many instances Mr. McCoy accuses General Vang Pao of being involved in the opium traffic. He cites as specific sources the BNDD, a village leader, and General Ouane Rathikoun.

We have no evidence indicating that General Vang Pao is involved in the Laotian drug trade. Because his forces are the principal Laotian deterrent to North Vietnamese aggression, many U. S. Government personnel have been in constant contact with General Vang Pao for a number of years. No evidence has come to light connecting him with narcotics trafficking.

On the contrary, General Vang Pao has strongly supported the anti-narcotics legislation passed by the Lao National Assembly in 1971 and, as a leader of the Meo, has done his best to influence the tribal groups to abandon their traditional growth of the opium poppy and develop substitute crops and new forms of livestock to provide daily sustenance and income.

Further, most of northeastern Laos is not under General Vang Pao's control but actually in the hands of the North Vietnamese. General Vang Pao obviously has no control over the crop cultivation there, and cultivation of any crop in that area is extremely difficult because of the ongoing hostilities.

The BNDD has informed us that it has no credible evidence implicating Vang Pao in the narcotics traffic which is contrary to the allegations made by Mr. McCoy on pages 244 and 248/9 of his book.

On page 289 Mr. McCoy cites a village leader in Long Pot, Ger Su Yang, to support his allegation against Vang Pao. The Long Pot sector has traditionally refused to accept Vang Pao's leadership and has maintained relationships with the Pathet Lao between peaceful coexistence and active collaboration. This casts doubt on the objectivity of his testimony.

Finally, General Ouane Rathikoun, one of Mr. McCoy's principal sources, has recently been questioned by an officer of this Agency and was very adamant in asserting that Vang Pao had not been involved in the drug traffic. He stressed the fact that opium cultivation in Xieng Khouang had collapsed to the point where opium users must buy elsewhere.

Paramilitary Activities and Heroin Refineries

Wherever there have been refineries in areas in which there is some American influence, action has been taken to eliminate them. In spite of this, Mr. McCoy states on page 301, "In fact, there are some American officials who believe that Chao La only works with the CIA to get guns (which he uses to buy opium from Burmese smugglers) and political protection for his opium refineries." With the access Mr. McCoy claims to have had, he should have been able to discover that last year CIA identified a refinery operated by Chao La and had it confiscated. The production equipment was dismantled and forwarded to the Bureau of Narcotics and Dangerous Drugs (BNDD) in Washington, D. C. This is hardly "political protection" of the type Mr. McCoy alleges.

Approved For Release 2007/02/07 : CIA-RDP74B00415R000100100015-0 GER SU YANG

A similar failure to attempt verification of information from a doubtful source appears in connection with Mr. McCoy's account on page 289 of an interview with a Long Pot district officer, Ger Su Yang. This is an account of how American helicopters flew from Long Tieng to Long Pot to take opium back to Long Tieng. Within the last two weeks, Ger Su Yang was interviewed by an officer of this Agency designated for this purpose. Ger Su Yang denies making any statement regarding Muong officers arriving at Long Pot to collect opium harvest for transport back to Long Tieng in American helicopters.

Ger Su Yang spoke of two Americans, one of whom apparently was Mr. McCoy, who visited his village, but he said they were interested in village life and he did not discuss the sale of opium with them. He added that Long Pot grows only enough opium for local consumption, but neighboring villages grow more for sale. He said all the opium sold in this sector was sold to Muong Kassy and Vang Vieng but never to Long Tieng. Knowing the proclivity of individuals in this area to say what they think the questioner wants to hear, we do not have too much confidence in what Ger Su Yang told our interviewing officer. Our point is that Mr. McCoy accepted his word without any apparent attempt at verification of his or other villagers' stories. In addition, the Meos of the Long Pot area are not only anti-Vang Pao but have on occasion collaborated with the Pathet Lao.

KMT Irregulars

Mr. McCoy's charge that CIA's relationship with the KMT was a key factor in the latter's involvement in the opium trade is without foundation. CIA's early contacts with the KMT ceased in August 1951 and since that date the Agency has had no substantial contact with KMT irregulars in Burma or elsewhere. Opium production in the area where the KMT irregulars located after the fall of China in 1949 had long existed and was not, as suggested by the author, started by the irregulars. That they ultimately became involved appears to have been motivated by survival rather than any other known reason.

The Mafia

Mr. McCoy presents the theme that there has been an association of the U. S. Government with Sicilian and Corsican Mafia types in the past and that this has somehow been responsible for the fact that those types play a large role in the illegal narcotics traffic today. The argument simply does not hold water. There have been Mafia groups, just as there have been Chinese and other groups, who have been famous for participation in smuggling and other illicit traffic for centuries. They appear wherever large illegal profits can be made, and the existence of governmental authority whether passive or antagonistic often has little effect on their activities. We do not believe Mr. McCoy has made a case to the contrary.

Support for U. S. Narcotics Control Efforts Overseas

On page 350, Mr. McCoy states that the U.S. Bureau of Narcotics' attempts to conduct investigations in Laos were blocked by the Laotian government, the State Department, and the CIA. BNDD reports that, "... programs to effect control of narcotic trafficking could not be initiated without Laotian national drug control laws. Ambassador Godley was instrumental in assisting the Laotian government to formulate such laws which became effective in November 1971. BNDD agents were assigned to work in Laos in December 1971, soon after the law became effective. BNDD is unaware of any opposition by CIA in this process. Rather, CIA has assisted in furtherance of the BNDD mission in Laos."

As part of his thesis that the U.S. Government is covering up for local officials who may be engaged in narcotics traffic, Mr. McCoy states on page 218 that, "The CIA avoids gathering information on high-level involvement, and even in its closed-door sessions with high Embassy officials discusses only minor pushers and addicts." This is completely untrue, but Mr. McCoy makes this serious charge apparently on the word of an unnamed Embassy official, who may not have had access to such reports. Mr. McCoy could easily have ascertained the facts. He apparently made no real attempt to do so.

Journal item #2 of Friday, 11 Aug. 1972:

JGO consulted with Houston and Maury on the White House document and with Houston, Colby and Maury on the letters.

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STATINTL	House Foreign Affairs Committee staff, who told me that the Chairman has designated him to initiate preparations for Committee hearings on the worldwide drug traffic with emphasis on Southeast Asia. Mr. Brady ask if it would be possible for a briefing to be arranged for 9:30 Friday morn for himself and whoever else on the staff may be involved. I told him I we relay the request and be back in touch with him in the morning. C/DDP/NARCOG, has been advised.			
STATINTL		JOHN M. MAURY		
STATINTL	cc:	Legislative Counsel		
STATINTL	Mr. Houston Mr. Thuermer			
	DDI			

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- 4. (Confidential JMM) Accompanied the Director and OCI, to a session with the House Appropriations Special Group. The Director informally discussed recent world developments. See Memorandum for the Record.
- 5. (Confidential JMM) Called Roy Bullock, Staff Administrator of House Foreign Affairs Committee, regarding Representative Reid's request that the Chairman conduct public hearings on the foreign narcotics problem calling various witnesses including the Director. I reminded Bullock of the kind of problems this would create and he said we shouldn't worry unless Chairman Morgan called us, at which time we could take up the problem with him.
- 6. (Confidential JMM) Called John Lehman, of the NSC staff, and explained that George Carver, SAVA, had received a personal call from Representative Paul McCloskey (R., Calif.) requesting that he and Representatives Riegle (R., Mich.), Gude (R., Md.), and Mosher (R., Ohio) would like a briefing on the geographic picture and transportation and morale situation in North Vietnam. I told Lehman that although we had briefed McCloskey and Riegle in the past, in view of this group's recent activities in connection with the peace movement we wanted to avoid them and refer them to State, with whom they had already been in touch. I said I wanted to be sure we had White House backing in our refusal. Lehman said "by all means."
- 7. (Confidential JGO) Mr. O'Neill accompanied Messrs. John Paisley and Noel Firth, OSR, to a meeting with Representative Sidney Yates (D., Ill.) concerning the costing of Soviet naval vessels. Representative Yates told us that he had received various papers from the Navy and DIA on this subject and is confused by the fact that they seemed unable to provide any unclassified information in the area. Paisley and Firth explained some of the background problems of sources and methods and general techniques used in such costing estimates. Mr. Yates requested, if possible, a brief outline, unclassified, of the necessary component parts of a Cresta class vessel that might be used for comparison with an American vessel.

Mr. Yates was most cordial and complimentary in his remarks about the Agency and its people. The meeting was also attended by Mr. Derrick Van der Shaftt, of the House Appropriations Committee staff.